

INITIAL STATEMENT OF REASONS

INTRODUCTION

The Department of Transportation (Caltrans) acquires real property necessary for state transportation purposes, and must, by law, attempt to dispose of properties no longer required for such purposes pursuant to Streets and Highways Code section 118.6. Government Code sections 54235 through 54238.8 (Roberti Act) sets forth the priorities and procedures for disposing of surplus residential property originally acquired for State Route 710 (SR 710) in Los Angeles County.

PROBLEM STATEMENT

Regulations implementing the Roberti Act (also known as the Affordable Sales Program) became effective on July 26, 2016, allowing Caltrans to proceed with plans to sell surplus residential properties. On September 27, 2016, during implementation of the plan, the Legislature enacted SB 580. SB 580 added a nuance to the Affordable Sales Program, prompting the adoption of emergency regulations. While existing law established priorities and procedures for disposing of SR 710 surplus residential properties, it did not address the disposition of historic, residential properties to nonprofit private entities dedicated to rehabilitating and maintaining the historic home for public and community access and use.

In order to continue with the sale of historic, surplus residential properties impacted by SB 580, further clarification of the Affordable Sales Program regulations was necessary to identify and set forth procedures for disposing of historic, surplus residential properties within the SR-710 Corridor. Finding that an emergency existed, Caltrans implemented emergency regulations that became effective on May 25, 2017. The emergency regulations expire on November 22, 2017, prompting this proposed rulemaking action to permanently adopt the emergency regulations. The permanent regulations are necessary to prevent extended delays in providing low and moderate housing options in Los Angeles County.

The proposed permanent regulations differ only from the existing emergency regulations in that the number of historical, surplus residential properties identified in the emergency regulations under 21 CCR § 1478.2 has increased from 10 properties to 84 properties.

BENEFITS

Adoption of the proposed regulations will allow Caltrans to continue to dispose of surplus parcels identified as historic homes, meeting the intended goal of the Legislature to preserve and expand availability of low and moderate income housing supply. In addition, SB 580 provides an opportunity for nonprofit private entities (NPPEs) dedicated to rehabilitating and maintaining the historic home for public and community access and use to bid on historic properties under the same conditions and restrictions as other housing related entities (HREs) pursuant to 21 CCR § 1477(a)(4)(iii).

PURPOSE

The proposed regulations establish the priorities and procedures that will allow Caltrans to continue to dispose of historic, surplus residential properties in accordance with the Affordable Sales Program. The proposed regulations also identify the historical properties by address.

NECESSITY

The Roberti Act intended to preserve, upgrade, and expand the supply of housing available to persons and families of low or moderate income. Accordingly, in an effort to allow disposal of historic, surplus residential properties, Caltrans adopted emergency regulations under 21 CCR amending § 1476 and

adopting § 1478.1 and § 1478.2. The emergency regulations became effective on May 25, 2017; the proposed regulations make permanent the emergency regulations.

The proposed regulations will amend and add sections to 21 CCR as follows:

Amend Section 1476 – Section is amended to define the terms used in the proposed regulations. The amendment is needed to provide additional detail and to further clarify certain words or phrases as they are used in the Affordable Sales Program and as they are used in the proposed regulations.

Add Section 1478.1(a) – Section is added to set forth the criteria for disposing of historic, residential surplus properties. If the residential surplus property is a historic home, it must be offered to a nonprofit private entity dedicated to rehabilitating and maintaining the historic home for public and community access and use, at the same time and under the same conditions and restrictions as the entities identified in 21 CCR § 1477(a)(4)(iii).

This subsection clarifies that a nonprofit private entity dedicated to rehabilitating and maintaining the historic home for public and community access and use may bid on historic residential properties at the same time and under the same conditions and restrictions as housing related entities identified in section 21 CCR § 1477(a)(4)(iii). The Roberti Act defines priorities for purchase of the properties. If a property is a historic home, it must be offered to a nonprofit private entity dedicated to rehabilitating and maintaining the historic home for public and community access and use and to a housing related entity simultaneously and under the same terms.

The effect of this subsection is to clarify that nonprofit private entities dedicated to rehabilitating and maintaining the historic home for public and community access and use do not have priority over housing related entities.

Add Section 1478.1(b) – Add section to set forth use and resale restrictions.

This subsection authorizes the execution of use and resale restrictions to enforce the provisions of this section. Such use and resale restrictions would create a contractual basis for enforcing the provisions of this section.

Add Section 1478.2 – Identifies by address the surplus residential properties designated as historic homes. The existing emergency regulations identified 10 historical, surplus residential property addresses. The proposed permanent regulations identify 84 historical, surplus residential property addresses which include the previously identified properties. The effect of this subsection is to clearly identify the specific properties involved.

TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS, OR DOCUMENTS

In order to identify the historical properties, Caltrans prepared Historic Resources Compliance Reports for SR-710 Property Sales for both Non-Historic and Historic Properties. These reports evaluated all Caltrans owned properties in the SR-710 Corridor for the National Register of Historic Places and the California Register of Historical Resources. The reports are summarized in the Environmental Impact Report for the SR-710 Surplus Property Sales dated July 2015. Caltrans did not rely upon any other technical, theoretical, or empirical studies, reports or documents in proposing the adoption of these regulations.

ECONOMIC IMPACT ASSESSMENT/ANALYSIS

The proposed regulations clarify and interpret California Government Code section 54237 as amended by SB 580 pertaining to the disposition of historic, surplus residential properties. The purpose of the

clarification is to provide for the procedures for disposal of the historic properties and to identify the historic properties by address.

The Initial Statement of Reasons for the adoption of the Affordable Sales Program regulations (21 CCR 1475 et seq.) identified significant economic impacts. As explained at the time, without the regulations, Caltrans' properties would continue to be rented, but with the regulations, the properties could be sold — which would create economic impacts. Those regulations have been adopted, and those economic impacts are now part of the baseline.

Caltrans anticipates these proposed regulations will have no impact on the new baseline. These proposed regulations allow for historic homes to be offered to NPPEs under the same terms and restrictions that those homes would otherwise be offered to HREs under current regulations. The number of properties to be offered for sale in the Initial Statement of Reasons for the Affordable Sales Program regulations remains unchanged and the terms of use will remain the same.

Therefore, Caltrans has determined the proposed regulatory action will not have any impact on the creation of jobs or new businesses or the elimination of jobs or existing businesses or the expansion of businesses in the State of California.

Caltrans has determined the proposed regulations will benefit NPPEs by allowing such entities the opportunity to bid on historic residential properties at the same time and under the same conditions and restrictions as other HREs identified in 21 CCR § 1477(a)(4)(iii), furthering the important public purpose of preserving, upgrading, and expanding the supply of housing available to persons and families of low or moderate income.

Caltrans is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

The proposed regulatory action will not have a significant effect on housing costs.

EVIDENCE SUPPORTING FINDING OF NO SIGNIFICANT STATEWIDE ADVERSE ECONOMIC IMPACT DIRECTLY AFFECTING BUSINESS

Caltrans has determined the proposed regulations will not affect small business because the proposed regulations are limited in scope to certain state-owned residential properties. These regulations have no economic impact on businesses within the state. The action is to administer a state program which provides for the sale of affordable housing opportunities to low and moderate income persons and families. The proposed regulations are promulgated to set standards and criteria for establishing the sale of historic, surplus residential properties and do not regulate a commercial or private individual activity or any private business.

REASONABLE ALTERNATIVES TO THE REGULATION AND THE AGENCY'S REASONS FOR REJECTING THOSE ALTERNATIVES

No reasonable alternatives were proposed or considered.

DUPLICATION OR CONFLICT WITH FEDERAL REGULATIONS

The Affordable Sales Program is administered by the state, under guidelines developed by the state and thereby eliminating any conflict or duplication of any federal statute or regulation.